

<b>OREGON ACCOUNTING MANUAL</b>		Number 50.60.00.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date August 24, 2004
Chapter	<b>Tax Issues</b>	.1 OF .1
Part	<b>Mass Transit Tax</b>	
Section		Approval  Signature on file at SCD

Authority **ORS 291.405**  
**ORS 291.407**

- .101 Any **agency**, maintaining a branch, office, or other physical location within the boundaries of a mass transit district or transportation district is subject to the provisions of this policy. All employees whose official station is within the boundaries of a mass transit district or transportation district are subject to a state-paid payroll assessment of not more than six tenths of one percent (.006) of gross wages. All agencies must send or make available the appropriate amount of tax to the Department of Administrative Services (DAS) for deposit in the Mass Transit Assistance Account for subsequent distribution to mass transit districts/transportation districts throughout the state.
- .102 An annual review of the **mass transit tax** rate by the Department of Transportation will be conducted and communicated to the State Controller's Division to ensure that agencies are not being over-assessed and that mass transit districts/transportation districts are receiving the appropriate amount allowed by statute. Mass transit tax rates will be adjusted as necessary to ensure that no more than a prudent surplus is maintained in the Mass Transit Assistance Account.
- .103 The US Department of Health and Human Services has interpreted **OMB Circular A-87**, *Cost Principles for State and Local Governments*, such that the Mass Transit Tax is not a qualifying payment for reimbursement with federal funds. Therefore, salaries paid with federal funds are exempt from the mass transit tax. Although non-federal expenditures from state resources must be paid, the mass transit tax cannot be used as match against federal funds.
- .104 The availability of mass transit to employees and persons having business with the state is a benefit to those agencies located in a mass transit district, transportation district and/or service district. Also, in exchange for payments made to these districts, as authorized under ORS 291.405 and 291.407, the state and its agencies shall be exempt from any parking code requirements for existing state-owned buildings, construction of new state buildings, or the renovation of existing state buildings which have been or may be established by any political subdivision within the boundaries of a mass transit district or transportation district receiving such payments.